GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1772
ANSWERED ON:08.03.2016
Action against Pharmaceutical Companies for Over Charging
Shirole Shri Anil

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

a) whether pharmaceutical companies have been overcharging the price controlled medicines for the last one year;

(b) if so, the details thereof and the action taken against such companies by the Government, company-wise;

(c) the details of pharmaceutical companies against whom cases of overcharging are pending at present;

(d) the companies which have been issued notices by the National Pharmaceutical Pricing Authority (NPPA) till date, to pay the amount overcharged and the steps taken to expedite recovery from the pharmaceutical companies; and
(e) whether the NPPA has issued any guidelines recently to address the issue?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI HANSRAJ GANGARAM AHIR)

(a) & (b): Yes, Madam. Some of the companies have been found overcharging the prices in case of controlled medicines. NPPA has issued demand notices to pharmaceutical companies for recovery of overcharged amount alongwith interest thereon for violation under various provisions of DPCO, 1995 and DPCO, 2013 read with Section 7A of Essential Commodities Act, 1955 during the last financial year and the current year upto 29.02.2016 as under:-

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Year Demand Notice issued (Rs. in crore)
DPCO, 1995 DPCO, 2013 Total

2014-15 536.27 54.07 590.34
2015-16 (Till 29.02.2016) 905.98 20.33 926.31 </>

The year-wise list of these overcharging cases (updated upto 29.02.2016) has been uploaded on the website of NPPA i.e. www.nppaindia.nic.in.

(c): Since inception of NPPA, there are 1389 cases as on 29.02.2016 (1250 cases under DPCO 1995 & 139 cases under DPCO 2013) where demand notices have been issued by NPPA to Pharmaceutical companies. The status of these cases is annexed.
(d): Action for recovery of the overcharged amount is taken as per the provisions of DPCO, 1995 and DPCO, 2013. However, in many of the cases, the demands raised for overcharging have been challenged in courts. As on 29.02.2016, Rs.3698.32 crore representing about 82% of the total outstanding amount is under litigation in various High Courts and the Supreme Court. NPPA is actively pursuing these court cases and where the demand raised by NPPA has not been challenged in the court and the concerned company does not deposit the amount of demand, the matter is referred to the respective Collector for recovery of the overcharged amount as arrears of land revenue under Essential Commodities Act, 1955.
(e): NPPA has not issued any new guidelines recently to address the issue. However, the guidelines issued during October, 2012 and amendment in October, 2013 are being followed in such cases.

Annexure

Status of the Overcharging Cases
(Rs. in Crore)

<> Sl.No. Particulars DPCO 1995 DPCO 2013 Cumulative (Aug, 97 to 29.02.2016)
1 No. of cases 1250 139 1389
2 Overcharged amount demanded including interest whenever updated 4861.52 74.4 4935.92
3 Total amount realised 316.31 68.6 384.91
4 Amount outstanding (2-3) 4545.21 5.80 4551.01
5 Cases under Litigation including Cases referred to collector but contested by the companies in the court of law and in r/o Cipla Ltd. & its associate , where no coercive action can be initiated as per order of Supreme Court 3673.36 24.96 3698.32
6 Cases referred to collector & amount still to be recovered 67.85 0.01 67.86
7 Pending with BIFR/ Official Liquidator 5.41 0 5.41
8 Amount pending relating to the overcharging cases under process (4-(5+6+7) 798.59 -19.17 779.42 </>

Further, the demand raised in 37 overcharging cases under DPCO, 2013 amounting to Rs. 145.11 crore against the petitioner companies have been treated as show cause notices in pursuance of order dated 24.11.2015 passed by the Hon"ble High Court of Delhi in various writ petitions filed by them.

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